

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-07 L-03 ACDA-07

NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00

NSC-05 EURE-00 /065 W

-----045515 021619Z /47

P R 021516Z AUG 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 0264

INFO USMISSION NATO

AMEMBASSY LISBON

USDEL MC BRUSSELS

USNMR SHAPE

CINC EUR VAIHINGEN

SECDEF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 BONN 12605

E.O. 11652: GDS

TAGS: MARR MASS MORG MPOL PORG NATO PO GW

SUBJECT: PORTUGUESE FORCE DEVELOPMENT: PRODDING
THE ALLIES

REFS: (A) BONN 12443 DTG 290853Z JULY 77

(B) STATE 174105 DTG 260039Z JULY 77

(C) BONN 11515 DTG 121734Z JULY 77 (NOTAL)

(D) USNATO 1885 DTG 011424Z APR 77 (NOTAL)

1. COL. TEBBE OF FMOD BRIEFED US AUGUST 1 ON STATUS OF THE PORTUGUESE MODERNIZATION PROGRAM. HE CONFIRMED THAT THE CONTENT OF THE FRG PROGRAM IS UNCHANGED FROM THE PROGRAM REPORTED TO NATO LAST APRIL (REFTEL D), WITH THE EXCEPTION THAT THE FRG WILL CONTRIBUTE 18 TANKS INSTEAD OF 17 AND THE CONVERSION WILL TAKE PLACE IN THE U.S.

2. ACCORDING TO TEBBE, THE FMOD'S ESTIMATE OF THE COST OF THE PROGRAM HAS RISEN FROM 25 MILLION DM TO ALMOST
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30 MILLION DM. THE TOTAL IS BROKEN DOWN AS FOLLOWS:

18 MILLION DM - TANK CONVERSION

5 MILLION DM - TRANSPORTATION

6 MILLION DM - VALUE OF SURPLUS EQUIPMENT

700,000 DM - TRAINING

TOTAL: 29.7 MILLION DM

THE FMOD PLANS TO SUBMIT THESE COST ESTIMATES TO THE FEDERAL SECURITY COUNCIL WHEN IT MEETS AT THE END OF AUGUST. APPROVAL BY THE COUNCIL IS TAKEN FOR GRANTED. THE FMOD NEXT PLANS TO SUBMIT THE TOTAL PACKAGE TO THE FOREIGN AFFAIRS AND FINANCE COMMITTEES OF THE BUNDESTAG IN THE FIRST WEEK OF SEPTEMBER. IT HOPES AND EXPECTS TO RECEIVE APPROVAL FROM THESE COMMITTEES BY THE END OF SEPTEMBER. THIS SCHEDULE WOULD ALLOW DELIVERY OF THE EQUIPMENT TO BEGIN IN OCTOBER.

3. THE APPROVAL OF THE BUNDESTAG COMMITTEES WILL NOT ACTUALLY ENTAIL APPROPRIATION OF THE 29.7 MILLION DM. THE ACTUAL APPROPRIATION WILL BE SHOWN IN THE 1978 BUDGET. HOWEVER, WITH THE APPROVAL OF THE COMMITTEES THIS SEPTEMBER, THE FINANCE MINISTRY CAN PERMIT THE FMOD TO BORROW THE MONEY FROM NEXT YEAR'S BUDGET.

4. ASSUMING PARLIAMENTARY APPROVAL IN SEPTEMBER, TEBBE SAID THE FIRST M48A2C TANKS WOULD BE SHIPPED TO THE U.S. IN EARLY OCTOBER. AT THE SAME TIME THE 105-MM FIELD HOWITZERS CAN BE SHIPPED TO PORTUGAL.

5. FOUR WEEKS AGO THE FMOD EXTENDED AN INVITATION TO THE

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NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 0265

INFO USMISSION NATO
AMEMBASSY LISBON
USDEL MC BRUSSELS
USNMR SHAPE
CINC EUR VAIHINGEN
SECDEF WASHDC

C O N F I D E N T I A L SECTION 02 OF 02 BONN 12605

PORTUGUESE GENERAL STAFF TO SEND A DELEGATION TO THE FRG AT THE BEGINNING OF OCTOBER TO CHOOSE THE SURPLUS TRUCKS WHICH THE FRG IS PROVIDING AS PART OF ITS PACKAGE. THE PORTUGUESE GENERAL STAFF ACCEPTED THE INVITATION AND A DELEGATION IS EXPECTED THE FIRST WEEK IN OCTOBER. EXPECTED DELIVERY TIME AFTER THE CHOICE OF TRUCKS IS ONE MONTH, FOR ALL TYPES OF TRUCKS EXCEPT TEN-TON TRUCKS WHICH ARE IN SHORT SUPPLY. TEBBE ALSO TOLD US THAT THERE IS CONSTANT CONTACT BETWEEN THE PORTUGUESE AND GERMAN ARMY CHIEFS OF STAFF, BUT HE WAS NOT FAMILIAR WITH ALL THE DETAILS.

6. COMMENT: TEBBE'S REMARKS REFLECT A CERTAIN SLIPPAGE IN THE TIMING OF THE GERMAN PROGRAM. APPROVAL OF THE BUNDESTAG WAS NOT OBTAINED BEFORE THE SUMMER RECESS AS HAD BEEN HOPED. THE FACT THAT THE ESTIMATED COST OF THE PROGRAM HAS RISEN WAS A CONTRIBUTING FACTOR. IN THE MEAN-CONFIDENTIAL

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TIME, A DECISION BY THE GERMAN SUPREME COURT LIMITING THE FLEXIBILITY OF THE FINANCE MINISTRY IN APPROVAL OF BORROWING FROM A FUTURE BUDGET ALSO PLAYED A ROLE. THE ONLY PROBLEM WE SEE ON THE HORIZON IS THE NECESSITY OF BUNDESTAG APPROVAL WHICH, OF COURSE, CONTAINS A DEGREE OF UNCERTAINTY. NEVERTHELESS, WE DO NOT ANTICIPATE A SERIOUS DELAY CAUSED BY THE BUNDESTAG.

7. DOD'S LETTER OF OFFER TO COVER THE CONVERSION OF THE TANKS TO M48A5 CONFIGURATION EXPIRES SEPTEMBER 22. THE FMOD HAS REQUESTED AN EXTENSION OF THIS LETTER UNTIL NOVEMBER. GIVEN THE SCHEDULE OUTLINED ABOVE, IT IS POSSIBLE THAT THE FMOD WILL NOT BE ABLE TO MEET THE SEPTEMBER 22 DEADLINE. AN EXTENSION UNTIL NOVEMBER WOULD SEEM TO BE IN OUR INTEREST. THE EMBASSY RECOMMENDS, THEREFORE, THAT WE ACCEDE TO THE FMOD'S REQUEST.
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Message Attributes

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Copy: SINGLE
Sent Date: 02-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Remarks:
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